

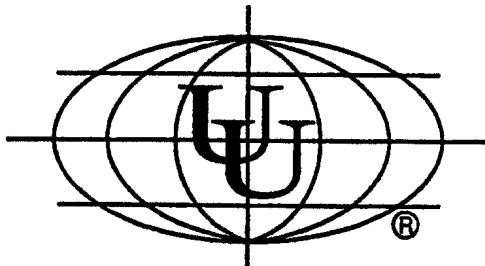
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UNICOVER



UNIVERSAL UNDERWRITERS INSURANCE COMPANY
A Stock Insurance Company
6363 COLLEGE BOULEVARD OVERLAND PARK, KANSAS 66211

PREAMBLE

This entire document constitutes a multiple coverage insurance policy. Unless stated otherwise in a Coverage Part, each Coverage Part is made up of its provisions, plus those of the State Amendatory Part (if any), the General Conditions, and that portion of the declarations referring to the Coverage Part, including all endorsements made applicable to that Coverage Part. Each Coverage Part so constituted becomes a separate contract of insurance.

This policy is signed by OUR President and Secretary, and where required by law, by one of OUR authorized representatives.

Two handwritten signatures are shown side-by-side. The signature on the left is "Curtis R. Starnes" and the signature on the right is "Ruth F. Smeltz".

SECRETARY

PRESIDENT

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**GENERAL CONDITIONS
UNICOVER**

WE have issued this policy based on OUR understanding of YOUR agreements, statements, and representations, and in consideration of YOUR agreement to pay the required premiums when due. By accepting this policy YOU agree that YOU have been truthful with US, and that all agreements between YOU and US are included in the policy and declarations. WE, therefore, agree with YOU as stated in this policy, its endorsements, and the declarations.

DEFINITIONS - Except for headings or titles, a word written in all capital letters indicates it has a specific meaning as defined in each Coverage Part. The following definitions apply to any Coverage Part where they appear:

"INSURED" means any person or organization qualifying as an INSURED in the WHO IS AN INSURED provision of the Coverage Part. Except with respect to the limit of liability, the insurance afforded applies separately to each INSURED.

"WAR" means war (whether declared or not), civil war, rebellion, insurrection, revolution, usurped power, military or warlike action (including action in hindering or defending against an actual or expected attack), or any act or condition incident to any of these.

"WE", "US", or "OUR" means Universal Underwriters Insurance Company.

"YOU" and "YOUR" means the person or organization shown in the declarations as the Named Insured.

PREMIUM - Named Insured 01 must pay all required premiums when due, on the basis specified in the declarations:

"Variable" - each month YOU must calculate the earned premiums by multiplying the rates (shown on the required reports of values) times the values YOU report as applicable to those rates. Together with the specific premiums shown on the report, WE must receive payment within 15 days after the end of the calendar month for which the report is to be

submitted. There will be no final adjustment in the earned premium if the values reported are accurate and premiums are paid promptly when due.

"Non-variable" - each month YOU must report any required values and pay the provisional premium due each month. WE must receive this premium by the date shown in OUR billing. At the end of the policy period, after WE have received all the required reports, WE will calculate the earned premiums. If it is more than YOU paid, YOU will pay US the difference. If it is less, WE will refund the difference.

"Adjustable" - each month WE will bill YOU for a portion of the annual premium. WE must receive this premium by the date shown in OUR billing. At the end of the policy period, WE will audit YOUR records. Based on OUR findings WE will calculate the earned premiums. If it is more than YOU have paid, YOU will pay US the difference. If it is less, WE will refund the difference.

"Fixed" - each month WE will bill YOU for a portion of the annual premium for which there is no annual adjustment. WE must receive this premium by the date shown in OUR billing.

"Annual" - the entire annual premium is due upon issuance of the policy.

PREMIUM COLLECTION - YOU must pay OUR expenses, including attorney fees, spent to collect premium from YOU.

INSPECTION AND AUDIT - WE have the right, but not the duty, to inspect the insured property or operations at any time. OUR inspections are not safety inspections. They relate only to insurability and the premiums to be charged.

WE may give YOU reports on the conditions WE find and recommend changes. While they may help reduce losses, WE do not undertake to perform the duty of any person to provide for the health or safety of YOUR employees or the pub-

lic. WE do not warrant the property or operation is healthful or safe, or that they conform to any rule, regulation, standard, code or law.

Any rate organization and any organization WE hire to make insurance inspections, surveys, reports or recommendations are subject to this provision.

YOU must keep accurate records and send them to US promptly upon request. WE have the right to examine and audit YOUR books and records at any time, up to three years after this policy ends.

YOU must allow US to perform any inspection or audit.

FINANCIAL RESPONSIBILITY LAWS - A state motor vehicle law may require an INSURED to prove future financial responsibility. If WE certify this policy as providing such proof, that INSURED must repay US for any payments WE would not have had to pay without the certification.

CONCEALMENT OR FRAUD - This insurance will be void if YOU willfully lie to US, conceal, or misrepresent any material facts relating to this insurance. This will apply whether the lie, concealment, or misrepresentation occurs before or after the LOSS.

COMPLIANCE WITH CONDITIONS - WE have no duty to provide coverage under any Coverage Part unless YOU or any other INSURED have fully complied with all Conditions applicable to that Coverage Part.

ACTIONS AGAINST US - No one may bring legal action against US for any reason, to recover under this policy, unless they have complied with all of its terms.

A legal action for LOSS to YOUR property must be brought within 12 months from the date YOU discover the LOSS, but no sooner than 90 days after YOU file a sworn proof of LOSS.

A legal action for liability claims cannot be brought until the amount of the INSURED'S liabil-

ity has been finally determined, either by trial or a written agreement between the claimant, the INSURED and US. Once that liability has been so determined, WE will pay up to the limit as shown in the declarations. No one can join US in taking legal action against YOU, or an INSURED, or take such actions directly against US.

OUR obligations to an INSURED remain, even if the INSURED becomes bankrupt or insolvent.

OTHER INSURANCE - Unless stated otherwise in a Coverage Part, WE will pay only the amount of the covered LOSS or INJURY in excess of the amount due from any other insurance, whether it is collectible or not.

NON-STACKING OF LIMITS - If more than one Coverage Part or policy issued by US to YOU should insure a LOSS, INJURY, OCCURRENCE, claim or SUIT, the most WE will pay is the highest limit applicable. The limit under that Coverage Part or policy will be inclusive of the lower limit in the other Coverage Part(s) or policy(s), not in addition to them.

If more than one item of insurance in the same Coverage Part should insure a LOSS, INJURY, OCCURRENCE, claim or SUIT, the most WE will pay is the highest limit applicable. The limit under that item will be inclusive of the lower limit, not in addition to it.

SUBROGATION - YOU and each INSURED must do all in their power to preserve their rights to recover from others. Once WE have made a payment under this policy, whether or not YOU or an INSURED are fully compensated, YOUR or an INSURED'S rights to recover from others become OUR rights.

However, with respect to LOSS to YOUR property or AUTOS, WE will not exercise OUR right of subrogation at YOUR request.

RECOVERED PROPERTY OR AUTOS - YOU must promptly report and return to US any property or covered AUTO YOU recover after loss settlement.

CHANGES - The only way this policy can be changed is OUR issuing an endorsement(s) or substituting the declarations. They must be signed by one of OUR representatives when required by law. Nothing else will change this policy, waive any of its terms, or stop US from asserting any of OUR rights, not even notice to or knowledge learned by one of OUR representatives.

If WE change any of the terms of this policy, which broadens or extends the coverage, this policy will automatically be broadened or extended as if it were actually endorsed, if the change:

- (a) was approved by YOUR state insurance regulatory authority, during the policy period or within 45 days before the policy became effective, and
- (b) is available to YOU without additional premiums.

ASSIGNMENT - No assignment of interest will affect this policy unless WE change the policy. If YOU die, however, YOUR legal representative can act on YOUR behalf. Until YOUR legal representative is appointed, anyone having proper temporary custody of YOUR property will have YOUR rights and duties but only with respect to that property.

CANCELLATION - Either YOU or WE can cancel this policy by notifying the other.

YOU may cancel by returning the policy or writing to US stating the future date YOU want the cancellation to be effective. Cancellation will take effect upon the return of the policy or the future date stated in YOUR written notice to US. The earned premiums will be calculated to include a short rate penalty of 10% of the estimated premium for the remainder of the policy period.

WE will not impose the penalty if YOU no longer have a financial or insurable interest in the covered property or business.

If WE cancel, a written notice of cancellation will be mailed to YOU at the address shown in the declarations. The notice will state when, not less

than 10 days thereafter, the cancellation will be effective. The mailing of the notice will be sufficient proof of notice. The effective date and hour of cancellation stated in the notice will become the end of the policy period. Delivery of such written notice, either by YOU or US, will be equivalent to mailing.

Notice sent to Named Insured 01 will be deemed to be notice to all INSUREDS. WE will send any pro-rata premium refund due when WE cancel to Named Insured 01.

POLICY PERIOD - All insurance under this policy will begin and end at 12:01 AM (Standard Time) unless it replaces, or is replaced by, a policy beginning or ending at 12:00 Noon (Standard Time). In that event, OURS will amend to coincide with that time.

This policy starts on the first date shown in Item 1 of the declarations, and ends on the second date shown there. Any coverage or property added or removed during that time, will be covered for the period shown separately in the declarations.

POLICY TERRITORY - Unless stated otherwise in a Coverage Part, this policy covers:

- (a) anywhere in the United States of America, its territories or possessions, or Canada;
- (b) in international waters or air spaces if the LOSS or INJURY occurs in the course of travel or transportation between countries, states or nations included in (a) above;
- (c) anywhere in the world, if the INJURY arises out of a PRODUCT YOU sold for use or consumption in (a) above.

ARBITRATION - If YOU and WE can't agree on the value of the property or the amount of YOUR property LOSS, either of US can demand an appraisal. Then, each will select a competent and disinterested appraiser who will, in turn, select a competent and disinterested umpire. If the appraisers can't agree on an umpire, YOU or WE may request the selection be made by a judge of a court having jurisdiction.

Each appraiser will state their appraisal of the value or LOSS. If they can't agree, they will submit their differences to the umpire. The value of the property or amount of the LOSS will be determined by a written agreement of any two of them. Such an agreement is binding.

YOU and WE will each pay their own appraiser, and equally share the other expenses of the appraisal and the umpire. WE will not be held to have waived any of OUR rights by any act relating to appraisal.

CONFORMING TO LAW - If any part of this policy is in conflict with local, state or federal law, those provisions in conflict will automatically change to conform to the law. If any statute requires more time to notify US of a LOSS, or to start any legal action, the Coverage Part is changed to agree with the shortest time period permitted by statute.

PARTICIPATION - YOU will be entitled to participate in the distribution of policy dividends as authorized by OUR Board of Directors from time to time.

**AUTO INVENTORY
UNICOVER COVERAGE PART 300**

This Coverage Part applies only when it is shown in the declarations. Such insurance applies only to those insureds, security interests and locations designated for each coverage as identified in declarations item 2 by letter(s) or number.

The General Conditions apply except as amended or replaced in this Coverage Part.

INSURING AGREEMENT - WE will pay for LOSS of or to a COVERED AUTO from any cause, including sums an INSURED legally must pay as damages as a result of LOSS to a CUSTOMER'S AUTO, except as stated otherwise in the declarations or excluded.

WE have the right and duty to defend any suit for damages for LOSS to a CUSTOMER'S AUTO. However, WE have no such duty for LOSS not covered by this Coverage Part. WE may investigate and settle any claim or suit WE consider appropriate. Payment of OUR limit ends OUR duty to defend or settle that LOSS.

DEFINITIONS - When used in this Coverage Part:

"**AUTO**" means any type of land motor vehicle, (whether crated or not), trailer or semi-trailer, farm tractor or implement, each including its equipment and other equipment permanently attached to it.

"**COLLISION**" means (1) impact of a COVERED AUTO with another object or with a vehicle to which it is attached, or (2) upset of the COVERED AUTO. COLLISION does not mean impact of a COVERED AUTO with a bird or animal.

"**COMPREHENSIVE**" means the perils defined in SPECIFIED PERILS and UNNAMED PERILS.

"**COVERED AUTO**" means an AUTO (1) owned by or acquired by YOU or (2) not owned by YOU but in YOUR care, custody, or control.

"**CUSTOMER'S AUTO**" means a COVERED AUTO not owned or acquired by YOU but in YOUR care, custody or control for safekeeping, storage, service or repair. It also means the property of others within the CUSTOMER'S AUTO when LOSS is caused by COLLISION.

"**DEMONSTRATOR-COMPANY AUTO**" means a COVERED AUTO shown on YOUR records as a demonstrator or company AUTO and (1) used in YOUR sales operation, or (2) furnished for the regular use of anyone. It also means a COVERED AUTO YOU rent or lease from others for use in YOUR business.

"**EXTENDED THEFT**" means:

- (1) YOUR voluntarily parting with evidence of title to or possession of a COVERED AUTO when induced by:
 - (a) a forged or counterfeit instrument received in payment;
 - (b) a check or other instrument written on an account closed before the instrument is presented for payment;
 - (c) a credit application, rental agreement or lease agreement on which the name, social security number or signature of the applicant, rentee or leasee is false or forged;
 - (d) any other criminal scheme, criminal trick or criminal device which induces YOU, at that time, to part with evidence of title to or possession of the COVERED AUTO;
- (2) YOUR having acquired possession of an AUTO that is stolen or which has a forged, altered, or counterfeit title or invalid duplicate title;
- (3) the unauthorized possession (without intent to return) of a COVERED AUTO by:

(a) YOUR customer:

- (i) while the COVERED AUTO temporarily replaces the CUSTOMER'S AUTO;
- (ii) awaiting delivery of an AUTO purchased from YOU;
- (iii) for the purpose of a test drive or other demonstration;

(b) any person to whom YOU furnish a COVERED AUTO for their regular use.

Part (a) does not apply to rentals otherwise excluded.

"GOVERNMENT CONFISCATION" means seizure of an AUTO owned or acquired by YOU, by a duly constituted governmental or civil authority, for an alleged violation of laws governing the use, sale or distribution of controlled substances, including those laws governing the reporting of monies from such activities.

"LOSS" means direct and accidental physical loss or damage, occurring during the Coverage Part period. LOSS, with respect to a CUSTOMER'S AUTO, includes resulting loss of use. With respect to EXTENDED THEFT, all transactions with any one person, organization, group of individuals or ring will be deemed to be one LOSS. With respect to GOVERNMENT CONFISCATION, all actions by any one person, organization, group of individuals or ring which result in seizure(s) will be deemed one LOSS.

"NEW PRIVATE PASSENGER" and **"NEW TRUCK"** means a COVERED AUTO owned by or consigned to YOU and held for sale, not previously owned, titled or registered, and not used for any purpose other than roadtesting.

"SERVICE AUTO" means a COVERED AUTO shown on YOUR records as a service vehicle, and used in YOUR service operations.

"SPECIFIED PERILS" means (1) fire, lightning, smoke or smudge due to fire, (2) stranding, sinking, burning, or derailment of any conveyance transporting the COVERED AUTO, (3) theft or larceny, (4) windstorm, hail, earthquake, explo-

sion, riot or civil commotion, the forced landing of any aircraft or its parts, (5) flood or rising waters, external discharge or leakage of waters except LOSS resulting from snow, rain, or sleet (whether or not wind-driven), (6) malicious mischief or vandalism, or (7) LOSS caused by a servicing hoist designed to raise an entire AUTO.

"UNNAMED PERILS" means all causes of LOSS not defined in COLLISION, SPECIFIED PERILS, EXTENDED THEFT, or excluded.

"USED PRIVATE PASSENGER" and **"USED TRUCKS"** means all COVERED AUTOS owned or acquired by YOU and held for sale by YOU and not otherwise defined in this Coverage Part.

WHO IS AN INSURED - With respect to LOSS under this Coverage Part:

- (1) YOU;
- (2) YOUR partners, paid employees, directors, executive officers, and stockholders while acting within the scope of their duties as such with respect to a CUSTOMER'S AUTO.

EXCLUSIONS - WE will not pay for LOSS:

- (a) while the AUTO is being used as a public livery conveyance, or in any illicit trade or transportation. This exclusion does not apply to GOVERNMENT CONFISCATION;
- (b) due to WAR;
- (c) caused by mechanical or electrical breakdown or failure, or due and confined to faulty work performed, defective parts or materials, wear, tear, freezing. This exclusion does not apply to LOSS caused by faulty work performed, defective parts or materials to a CUSTOMER'S AUTO;
- (d) from EXTENDED THEFT:
 - (1) due solely to an undisclosed lien;
 - (2) under part (1)(c) of the definition of EXTENDED THEFT, after the first periodic payment is made;

- (3) due solely to an insufficient funds check;
- (4) due to incorrect information on a credit application, rental agreement or lease agreement, except as covered under part (1)(c) of the definition of EXTENDED THEFT;
- (5) as the result of YOUR obligation under a contract or agreement in which YOU agree to be liable in the event of default by the purchaser;
- (6) under part (1)(d) of the definition of EXTENDED THEFT, due to non-payment, for any reason, of any credit YOU extend. This includes bankruptcy, other insolvency proceedings or failure to honor post-dated checks;
- (e) due to confiscation by duly constituted governmental or civil authority. This exclusion does not apply to GOVERNMENT CONFISCATION;
- (f) due to radioactive contamination, nuclear radiation, nuclear reaction, or the explosion or malfunction of a nuclear weapon, device, or facility or their consequences;
- (g) caused by any dishonest, fraudulent, criminal, or intentional act committed by YOU or YOUR stockholders, partners, officers, employees, agents, or other party in interest. This exclusion does not apply to:
 - (1) a COVERED AUTO physically stolen, destroyed or damaged by YOUR employee acting without the knowledge of YOUR partners or executive officers;
 - (2) part (3)(b) of the definition of EXTENDED THEFT;
 - (3) GOVERNMENT CONFISCATION caused by an employee(s) acting without the knowledge or consent of YOUR partners or executive officers;
- (h) while the COVERED AUTO is operated in, or in practice or preparation for, any pre-arranged or organized race, rally, speed, demolition, or competitive contest, or in any stunting activity;

- (i) when YOU voluntarily part with evidence of title to or possession of a COVERED AUTO, except by EXTENDED THEFT;
- (j) to a COVERED AUTO leased or rented to others. This exclusion does not apply:
 - (1) to YOUR partners, employees, owners, directors, stockholders and executive officers for use principally in YOUR AUTO business;
 - (2) to YOUR customers for a period of two months or less when:
 - (i) it temporarily replaces the CUSTOMER'S AUTO;
 - (ii) the customer is awaiting delivery of an AUTO purchased from YOU;
- (k) to an AUTO owned by, leased or rented to YOUR employee or members of their household. This exclusion does not apply:
 - (1) if their AUTO is being serviced or repaired by YOU under a written agreement;
 - (2) to a COVERED AUTO leased or rented to YOUR partners, employees, owners, directors, stockholders and executive officers for use principally in YOUR AUTO business;
- (l) due to loss of use caused by delay of service or repair, defective parts or materials or faulty work performed. This exclusion does not apply to loss of use of a CUSTOMER'S AUTO caused by faulty work performed, defective parts or materials;
- (m) from any unexplained cause;
- (n) to any two-way mobile radio or telephone, citizens band radio, radar detector, scanning monitor or device for recording and/or reproducing sound or pictures, all including its accessories and antennas. This does not apply to:
 - (1) tape decks or other sound reproducing equipment permanently installed in, and

- antennas permanently attached to, the COVERED AUTO;
- (2) two-way mobile radio or telephone, citizens band radio or scanning monitor which are permanently installed in the opening or place normally used by the manufacturer for the installation of such equipment;
- (o) except as provided in WE WILL ALSO PAY, caused by depreciation or diminished value.

YOU MUST REPORT - YOU must report the cost of all AUTOS owned or consigned to YOU as of the last business day of that month. WE must receive the report within 15 days after the end of each calendar month. YOU may not correct inaccurate reports after LOSS.

THE MOST WE WILL PAY - Regardless of the number of INSUREDS, premiums charged, claims made, suits brought, AUTOS insured, or amounts awarded against an INSURED, the most WE will pay for any one LOSS to COVERED AUTOS is the least of the following:

- (a) the total cost of all COVERED AUTOS;
- (b) with respect to COVERED AUTOS owned by or consigned to YOU, the percentage the last report of AUTO values (received by US prior to the LOSS) bears to the cost of all such AUTOS that YOU should have reported;
- (c) from EXTENDED THEFT, the limit stated in the declarations for that peril;
- (d) for property of others, as defined in CUSTOMER'S AUTOS, up to \$5,000;
- (e) from GOVERNMENT CONFISCATION, \$50,000;
- (f) the limit stated in the declarations.

If, at the time of LOSS, YOU have failed to file all required reports of values, WE will pay no more than the amounts shown on the last report received by US prior to the LOSS. If the delinquent report is the first one due, WE will pay no

more than 75% of the limit stated in the declarations.

However, if at the time of the LOSS:

- (1) YOU have reported as required under YOU MUST REPORT,
 - (2) YOU reported the full required values of all owned or consigned AUTOS on each report, and
 - (3) the last report due before the LOSS is not delinquent,
- part (f) of THE MOST WE WILL PAY is amended to read: "(f) 125% of the limit stated in the declarations."

WE WILL ALSO PAY - In addition to payments in THE MOST WE WILL PAY provision, WE will also pay, after LOSS:

- (a) up to \$20 a day, but not for more than \$600, for expenses incurred by YOU arising out of loss of use of a DEMONSTRATOR-COMPANY AUTO or SERVICE AUTO;
- (b) all ordinary and necessary expenses to return a COVERED AUTO to YOU and a reasonable amount for depreciation for LOSS caused by theft or EXTENDED THEFT;
- (c) premiums on appeal bonds or bonds to release property used to secure YOUR legal obligations, in a suit WE defend, but only for bonds up to OUR limit. But, WE do not have to furnish or secure these bonds;
- (d) all costs and expenses in defending an INSURED, and interest on that part of the judgment covered by this Coverage Part within OUR limits, that accrues after entry of any judgment in any suit WE defend, but only until WE have paid, offered to pay or deposited in court that part of the judgment that is within OUR limit;

- (e) up to \$100 a day for loss of earnings (but not other income) because of attendance at hearings or trials at OUR request;
- (f) up to \$5,000 for expenses incurred with OUR prior permission to remove COVERED AUTOS endangered from an insured peril. Such expenses will be paid even if YOU sustain no LOSS;
- (g) other reasonable expenses incurred at OUR request.

HOW WE WILL PAY - At OUR option, WE will pay for, repair, or replace the damaged or stolen COVERED AUTO or will require YOU to replace, repair, or sublet repairs to such COVERED AUTO.

When settlement is based on replacement of a COVERED AUTO, it will be at YOUR actual cost, exclusive of YOUR profit, holdback, or overhead expenses. When settlement is based on repairs to the COVERED AUTO, the most WE will pay is 65% of the retail charges on parts, materials, and labor unless stated otherwise in the declarations. However, WE will pay the actual cost for parts, materials and labor when LOSS occurs, and the COVERED AUTO is repaired, 100 miles or more from YOUR place of business.

From the amount of LOSS, as determined above, WE will subtract a reasonable amount for depreciation as well as the applicable deductible shown in the declarations. The deductible applies to each COVERED AUTO unless stated otherwise in this Coverage Part or in the declarations. When more than one deductible is shown for a peril or AUTO, the deductible per AUTO is shown first, then the deductible per LOSS.

Before payment of the LOSS, WE may take all or any part of the salvage at the agreed or appraised value. There will be no abandonment to US.

DUTIES AFTER LOSS - YOU must:

- (a) protect the COVERED AUTO whether or not this insurance applies. Any further LOSS due to YOUR failure to do so will

not be covered by this policy. WE will pay all reasonable expenses YOU incur for such protection;

- (b) permit US to inspect the damaged COVERED AUTO prior to its repair or replacement, and submit to US a sworn proof of LOSS within 60 days;
- (c) notify US as soon as possible how, when and where the LOSS occurred. If an AUTO is stolen, notify the police. If an EXTENDED THEFT:
 - (i) make a reasonable effort to recover the AUTO, and
 - (ii) notify the police and file a complaint with the proper authorities (empowered to issue warrants) against the person(s) causing the LOSS;

Additionally, YOU and any other involved INSURED must:

- (d) promptly notify US when claim is made against YOU or any other INSURED involving a CUSTOMER'S AUTO, and promptly send US all documents if sued;
- (e) cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification of any LOSS;
- (f) assume no obligation, make no offer or payment, or incur no expenses without OUR consent, except at the INSURED'S own cost;
- (g) agree to examination under oath at OUR request, while not in the presence of any other INSURED and at such times as may be reasonably required about any matter relating to this insurance or the LOSS, including YOUR books and records. In the event of an examination, an INSURED'S answers must be signed.

WE will not defend or pay any LOSS for YOU or any other INSURED who fails to comply with their duties after loss.

DAMAGED AUTO - When the COVERED AUTO is damaged, whether or not such damage is covered by this Coverage Part, OUR liability is reduced by the amount of such damage until repairs have been completed.

NO BENEFIT TO BAILEE - This insurance will not benefit, directly or indirectly, any carrier or bailee.

OTHER INSURANCE - This insurance is primary over any other insurance except when the COV-

ERED AUTO is in the care, custody, or control of any person or organization, other than YOU, a member of YOUR household, YOUR partner, director, stockholder, executive officer, or paid employee or a member of the household of any of them.

POLICY TERRITORY - This insurance covers anywhere in the United States of America, its territories or possessions, Canada or the Republic of Mexico

**PROPERTY
UNICOVER COVERAGE PART 330**

This Coverage Part applies only when it is shown in the declarations. Such insurance applies only to those insureds, security interests and locations designated for each coverage as identified in declarations item 2 by letter(s) or number.

The General Conditions apply except as amended or replaced in this Coverage Part.

INSURING AGREEMENT - WE will pay for LOSS to the property scheduled at the LOCATIONS from any cause, except as excluded or as stated otherwise in the declarations.

WE have the right and duty to defend any suit against YOU with respect to LOSS to STOCK or EQUIPMENT of others for which YOU are legally liable. WE may investigate and settle any claim or suit WE consider appropriate. OUR payment of the limit, shown in the declarations as applicable to such property, ends OUR duty to defend.

WE have no right or duty to defend suits for LOSS not covered by this Coverage Part.

DEFINITIONS - When used in this Coverage Part:

"ACTUAL CASH VALUE" means, with respect to:

- (a) BUILDING or EQUIPMENT (except DATA, IMPROVEMENTS AND BETTERMENTS, MEDIA and Property of Others), its replacement cost less actual (not tax) depreciation;
- (b) STOCK, its replacement cost; for STOCK installed in YOUR customer's AUTO it includes the cost of labor, less overhead and profit;
- (c) Property of Others, the amount YOU are legally liable;
- (d) DATA, the actual cost incurred to reproduce it;
- (e) MEDIA, the cost of replacing or reproducing it;
- (f) Building glass, the cost of replacement with safety glazing material if required by law;

- (g) IMPROVEMENTS AND BETTERMENTS, the actual cost of the repairs or replacement, if YOU repair or replace the damaged property at YOUR own expense within a reasonable time after the LOSS. If YOU do not repair or replace within a reasonable time, ACTUAL CASH VALUE will be determined by multiplying the original cost of the improvement or betterment by the unused portion of YOUR lease. The unused portion is the percentage relationship between the amount of time left on YOUR lease at the time of LOSS and the amount of time left on YOUR lease when YOU made the improvement;
- (h) EMPLOYEE TOOLS, their replacement cost.

"ADDITIONAL PROPERTY" means, if not insured by this or any other insurance:

- (a) a BUILDING owned by, or rented or leased to YOU for use in YOUR business which is set apart and not attached or connected (other than by a fence, utility line or similar connection) to a BUILDING insured in the declarations;
- (b) CONTENTS, EQUIPMENT and STOCK in a BUILDING described in (a) above;
- (c) fences, light post and signs used in YOUR business not at a LOCATION.

ADDITIONAL PROPERTY does not mean BUILDINGS under construction.

"AUTO" means any type of land motor vehicle, (whether crated or not), trailer or semi-trailer, farm tractor or implement, and equipment permanently attached to it.

"BREAKDOWN" means a sudden and accidental breakdown of mechanical or electrical EQUIPMENT, or its part, which is in use or connected and ready for use. At the time the breakdown occurs, it must manifest itself by physical damage to the EQUIPMENT that requires repair or

replacement. EQUIPMENT, as used in this definition, includes:

- (a) boilers or fired vessels;
- (b) unfired vessels subject to vacuum or internal pressure other than weight of contents;
- (c) all vessels, coils and piping that contain refrigerant or other medium for cooling, humidifying or space heating;
- (d) piping and accessory equipment;
- (e) all gears, gear sets, fans, blowers and shafts forming part of the EQUIPMENT, together with any coupling, clutch, wheel or bearing on that shaft;
- (f) equipment included in parts (a) and (b) of the BUILDING definition.

"BUILDING" means the structure at the LOCATIONS shown in the declarations. It includes:

- (a) machinery, fixtures and equipment permanently made a part of the structure;
- (b) machinery, equipment, materials, and supplies, owned by YOU or in YOUR care, custody or control, which are necessary for service or maintenance of the structure or the premises on which it is located;
- (c) fences, signs, and light posts, owned by YOU and within 1,000 feet of the structure. Signs are not covered for LOSS caused by rain, snow or sleet;
- (d) foundations, whether above or below ground, including the costs of excavations, grading, backfilling or filling;
- (e) architect's fees;
- (f) completed additions and, if not covered by other insurance:
 - (i) additions under construction, alterations and other repairs to the building;
 - (ii) materials, machinery, tools, equipment, supplies and temporary structures, owned by YOU or for which YOU are legally liable, used for making additions, alterations or repairs to the structure. Part (ii) does not apply to LOSS to machinery, tools and equipment when away from the LOCATION.

"CONTENTS" means STOCK and EQUIPMENT.

"DATA" means a representation of facts, concepts or instructions in a formalized manner on MEDIA.

"EMPLOYEE TOOLS" means tools, equipment, materials and supplies owned by YOUR employees, and used in YOUR business when in YOUR BUILDING. It also means such property while being used to service or repair AUTOS as part of YOUR business away from YOUR BUILDING.

"EQUIPMENT" means furniture, fixtures, machinery, equipment, DATA, MEDIA, fences, light posts, signs, materials, and supplies used in the conduct of YOUR business, either owned by YOU or for which YOU are legally liable. If YOU do not own the BUILDING in which the EQUIPMENT is contained, it also includes IMPROVEMENTS and BETTERMENTS.

EQUIPMENT does not include property as defined in AUTO, BUILDING, EMPLOYEE TOOLS, or STOCK;

"EXTENDED THEFT" means:

- (1) theft or larceny caused by YOUR voluntarily parting with evidence of a title to or possession of STOCK when induced to do so by:
 - (a) a forged or counterfeit instrument used in payment;
 - (b) a check or other instrument written on an account closed before the instrument is presented for payment;
 - (c) a credit application on which the name, social security number or signature of the applicant is false or forged;
 - (d) any other criminal scheme, criminal trick or criminal device which induces YOU, at that time, to part with evidence of title to or possession of STOCK;
- (2) YOUR having acquired STOCK from a seller who did not have legal ownership;

(3) the unauthorized possession (without intent to return) of STOCK by YOUR customer while:

- (i) the STOCK temporarily replaces customer's STOCK in for repair;
- (ii) awaiting delivery of STOCK purchased from YOU;
- (iii) on demonstration.

"EXTRA EXPENSE" means the necessary expenses YOU incur to return YOUR operation to as near to normal as possible after a LOSS, such expense being over and above the total cost that would have been incurred to conduct YOUR operation had no LOSS occurred. "EXTRA EXPENSE" does not mean loss of income or normal cost of repairing or replacing real or personal property, books of accounts, abstracts, drawings, card index systems or other records of any kind. Any salvage value of property obtained for temporary use during the period of restoration will be deducted from the LOSS.

"IMPROVEMENTS AND BETTERMENTS" means, when not legally removable by YOU:

- (1) YOUR use interest in changes (other than maintenance) YOU made in a BUILDING not owned by YOU which enhances its value;
- (2) YOUR use interest in changes YOU acquired in a BUILDING not owned by YOU which enhances its value;
- (3) a BUILDING YOU have not otherwise insured that is situated on land YOU lease.

"LOCATION" means the premises scheduled in the declarations, including any insured STOCK or EQUIPMENT in the open within 1,000 feet. The 1,000 feet limitation does not apply to watercraft.

"LOSS" means direct physical loss or damage occurring during the Coverage Part period. With respect to EXTENDED THEFT, all transactions with any one person, organization, group of individuals or ring will be deemed to be one LOSS.

"MEDIA" means the material on which YOU record DATA. It includes computer programs, records, books, films, tapes, drawings, deeds,

maps, mortgages, manuscripts and other documents.

"POLLUTANTS" means any solid, liquid, gaseous, or thermal irritant or contaminant, including (but not limited to) smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. "Waste" includes (but is not limited to) materials to be recycled, reconditioned or reclaimed.

"SPECIFIED PERILS" means LOSS caused by:

- (1) fire; lightning; smoke; explosion; wind-storm; hail; weight of snow, ice or sleet; vandalism; malicious mischief; riot; civil commotion;
- (2) leakage from fire extinguishing equipment; accidental discharge or leakage of water or steam as a direct result of the breaking or cracking of any part of a system or appliance containing water or steam;
- (3) aircraft or its falling parts; actual physical contact of an AUTO with the insured property;
- (4) removal of covered property from LOCATIONS endangered by an insured peril.

"STOCK" means goods or products YOU sell or service which are owned by YOU or similar property of others for which YOU are legally liable. It also means parts and materials, including the cost of labor, YOU install or others install for YOU, in YOUR customer's AUTOS, but only when LOSS (except by EXTENDED THEFT) occurs before YOU relinquish possession of the AUTO to the customer. "STOCK" does not include property as defined in AUTOS, EMPLOYEE TOOLS or EQUIPMENT.

"UNNAMED PERILS" means all causes of LOSS not defined in SPECIFIED PERILS and BREAK-DOWN, or excluded.

WHO IS AN INSURED - With respect to LOSS under this Coverage Part, only YOU.

EXCLUSION - PERILS - WE will not pay for LOSS caused directly or indirectly by any of the following; such LOSS is excluded regardless of any other cause or event that takes place at the same time or in any sequence to such LOSS:

(a) theft or larceny caused by YOUR voluntarily parting with evidence of ownership or possession of the insured property, except by EXTENDED THEFT;

(b) any dishonest, fraudulent, criminal or intentional act committed by (1) any person or organization to whom YOU entrust the property, or (2) YOU or any of YOUR partners, executive officers, employees, stockholders, agents, other party in interest, acting alone or in collusion with others.

This exclusion does not apply:

(i) to acts of destruction (other than by theft or EXTENDED THEFT) by YOUR employees when they are acting without the knowledge of YOUR partners or executive officers;

(ii) under part (1) of the exclusion, to EXTENDED THEFT;

(c) confiscation by duly constituted governmental or civil authority, or due to any legal or equitable proceedings;

(d) radioactive contamination, nuclear radiation, nuclear reaction or the explosion or malfunction of a nuclear weapon, device or facility, WAR, or their consequences;

(e) wear or tear, shrinkage, evaporation, gradual deterioration, rust, corrosion, change of weight, leakage of contents, inherent vice, latent or hidden defect, mechanical breakdown or derangement. This exclusion does not apply to ensuing LOSS not otherwise excluded nor to LOSS caused by mechanical breakdown when BREAKDOWN is shown in the declarations;

(f) interruption of business, delay, reduction of market or use;

(g) insects or vermin; dampness or dryness of atmosphere; extremes or changes in temperature; interruption of power or other utility services, heating, refrigeration or cooling. This exclusion does not apply to:

(1) ensuing loss by a SPECIFIED PERIL;
 (2) interruption of power or other utility services, heating or cooling for ensuing LOSS by SPECIFIED PERILS, UNNAMED PERILS or BREAKDOWN;

(h) marring or scratching of property, exposure to light, contamination, change in color, flavor, texture or finish. This exclusion does not apply to LOSS caused by a SPECIFIED PERIL or BREAKDOWN;

(i) animals, birds, mould, fungus, decay, wet or dry rot; smog, smoke, vapor or gas from agricultural or industrial operations; settling, cracking, shrinkage, bulging or expansion of foundations, walls, floors, roofs, or ceilings. This exclusion does not apply to any ensuing LOSS:

(1) caused by SPECIFIED PERILS, except to ensuing LOSS from smog, smoke, vapor or gas from agricultural or industrial operations;

(2) to roofs caused by the weight of ice, snow, or sleet on the roof;

(3) to glass, if caused by animals or birds;

(4) caused by fire from smog, smoke, vapor or gas from agricultural or industrial operations;

(5) caused by BREAKDOWN;

(j) faulty, inadequate, or defective:

(1) planning, zoning, development, surveying, siting;

(2) design, specifications, construction, grading, compaction;

(3) materials used in construction;

(4) workmanship or materials involved in repairs, alterations, remodeling, renovation or installation.

This exclusion does not apply to ensuing LOSS not otherwise excluded, except to errors or omissions in the programming of, or instructions to, EQUIPMENT;

(k) acts or decisions, including the failure to act or decide, of any person, group, organization,

or governmental body. This exclusion does not apply to ensuing LOSS not otherwise excluded;

- (l) earth movement, including but not limited to earthquake, volcanic eruption, explosion or effusion, landslide, mudflow or mudslide, earth sinking, rising, or shifting. If fire or explosion follows, WE will pay only for the LOSS by fire or explosion. This exclusion does not apply to property in transit or glass;
- (m) consequential LOSS of any nature, any unexplained or mysterious disappearance, shortage disclosed by the taking of an inventory or from the calculation of profit or loss;
- (n) electrical injury, disturbance, or arcing to electrical appliances, devices, fixtures, or wiring caused by artificially generated electrical currents. If fire or explosion follows, WE will pay only for the LOSS by fire or explosion.

This exclusion does not apply to LOSS by BREAKDOWN when the artificially generated electrical current originates on the premises scheduled in the declarations;

- (o) flood, surface water, waves, tidal wave or water, overflow of streams or other bodies of water, or their spray, all whether or not driven by wind; underground water that exerts pressure on, flows, seeps or leaks through foundations, walls, basement and other floors, or through doors, windows, or any opening in any of them. If fire, explosion or BREAKDOWN follows, WE will pay only for the LOSS by fire, explosion or BREAKDOWN;
- (p) rain, snow, ice or sleet to property in the open. This exclusion does not apply to BUILDINGS, radio or television antenna or tower, or YOUR property in the custody of a carrier for hire;
- (q) BREAKDOWN:

(1) due and confined to:

- (i) leakage of any valve, fitting, shaft seal, gland packing, joint or connection;

- (ii) breakdown of any structure or foundation supporting the EQUIPMENT or any of its parts;
- (iii) the functioning of any safety or protective device;

(2) to any of the following:

- (i) sewer piping, underground gas piping, or piping forming a part of fire extinguishing equipment;
- (ii) ovens, stoves or furnaces;
- (iii) boiler settings;
- (iv) insulating or refractory material;
- (v) EQUIPMENT undergoing a hydrostatic, pneumatic, or gas pressure test;
- (vi) equipment used for processing or manufacturing;
- (r) enforcement of any local or state ordinance or law regulating:
 - (1) any cost of demolition or clearing the site of undamaged portion of the BUILDING;
 - (2) any greater cost of repair, construction, or reconstruction;
- (s) collapse, except when caused by SPECIFIED PERILS, UNNAMED PERILS or BREAKDOWN to the covered property;
- (t) weather conditions, if they contribute in any way to a LOSS as excluded in (d), (l), (n) or (r). This exclusion does not apply to ensuing LOSS not otherwise excluded;
- (u) explosion, rupture or bursting of any pipes (below ground level), drains or flues. This does not apply to such pipes, drains or flues within the BUILDING;
- (v) EXTENDED THEFT:

- (1) due solely because of an undisclosed lien;
- (2) under part (1)(c) of the definition of EXTENDED THEFT, after a payment is made;
- (3) due solely to an insufficient funds check;
- (4) due to incorrect information on a credit application except as covered under part

- (1)(c) of the definition of EXTENDED THEFT;
- (5) under part (1)(d) of the definition of EXTENDED THEFT, due to non-payment, for any reason, of any credit YOU extend. This includes bankruptcy, other insolvency proceedings or failure to honor post-dated checks.

EXCLUSIONS - PROPERTY - WE will not pay for LOSS to:

- (a) land, water, bridges, roadways, walks, patios, paved surfaces, AUTOS, aircraft, animals, crops;
- (b) plants, lawns, trees, and shrubs, other than those used to decorate the interior of a BUILDING;
- (c) coins, currency, notes, bonds, securities, stamps, accounts, bills, evidences of debt, letters of credit, passports, tickets;
- (d) watercraft: (1) over 35 feet in length; (2) when used for nonbusiness purposes, regardless of length; (3) operated in, or in practice or preparation for any prearranged or organized race, rally, speed, demolition, or competitive contest or stunting activity; (4) from LOSS caused by or resulting from freezing;
- (e) gold, silver, platinum, bullion, and other precious metals and alloys (or any objects made of or containing any of them); furs, jewels, jewelry, watches, pearls, precious or semi-precious stones; paintings, etchings, watercolors, or similar artistic renderings;

Except with respect to paintings, etchings, watercolors and similar artistic renderings, this exclusion applies only to LOSS by theft or EXTENDED THEFT;

- (f) glassware, statuary, bric-a-brac, marble, porcelain, ceramics, any other fragile or brittle property from LOSS due to breakage. This exclusion does not apply to:
 - (i) glass that is a part of the BUILDING;
 - (ii) containers of STOCK;

(iii) LOSS caused by SPECIFIED PERILS or BREAKDOWN;

- (g) radio or television antenna or tower over 25 feet in height from the ground or surface where it is anchored;
- (h) fences, swimming pools and related equipment, retaining walls which are not part of the BUILDING, bulkheads, piers, pilings, wharves, or docks, if LOSS is caused by freezing or thawing, impact of watercraft, or by pressure or weight of ice or water, even if driven by wind;
- (i) property, other than BUILDINGS, YOU rent or lease to others, once they have custody of the property;
- (j) CONTENTS, EMPLOYEE TOOLS, or the interior of a BUILDING if LOSS is caused by rain, snow, ice, sleet, sand, or dust, even if wind driven. This exclusion does not apply if it comes through an opening caused by a SPECIFIED PERIL or BREAKDOWN;
- (k) BUILDING, CONTENTS, EQUIPMENT, EMPLOYEE TOOLS, IMPROVEMENTS AND BETTERMENTS or STOCK if the BUILDING has been vacant over sixty consecutive days and YOU failed to notify US in writing within that time.

This exclusion does not apply if the BUILDING is described in Item 2 of the declarations as "vacant", except to LOSS to plumbing, heating, air conditioning or fire protective systems or similar equipment or appliances (or for leakage or overflow from any of them) caused by freezing when:

- (i) YOU do not do everything YOU can to keep the BUILDING heated;
- (ii) YOU do not drain the water bearing systems and shut off the water supply when the heat is not maintained;

"vacant" means a BUILDING that does not contain enough CONTENTS, EQUIPMENT, or STOCK to conduct customary operations;

- (I) DATA or MEDIA that cannot be replaced with others of the same kind or quality;

YOU MUST REPORT - YOU must report the full required values of all property (indicated in the declarations as "RPTD") as of the last business day of that month. WE must receive the report within 15 days after the end of each calendar month. YOU may not correct inaccurate reports after LOSS.

THE MOST WE WILL PAY - LOSS payment will not reduce the amount of insurance under this Coverage Part. The most WE will pay for any one LOSS, to the property at the LOCATIONS is the least of the following:

- (a) the ACTUAL CASH VALUE of repairs to the property with like kind and quality;
- (b) the ACTUAL CASH VALUE of replacement for the property with like kind and quality;
- (c) if the property is to be reported, the percentage the last report (received by US prior to the LOSS) bears to the ACTUAL CASH VALUE of such property that should have been reported;
- (d) if, at the time of LOSS, YOU have failed to file all required reports of values, WE will pay no more than the amounts shown on the last report received by US prior to the LOSS. If the delinquent report is the first one due, WE will pay no more than 75% of the limit stated in the declarations;
- (e) if the property is subject to a coinsurance percentage, as shown in the declarations, LOSS will be determined by the Coinsurance Condition of this Coverage Part;
- (f) up to \$50,000 per LOSS for EXTENDED THEFT;
- (g) the limit stated in the declarations for the LOCATION.

However, if at the time of the LOSS:

- (1) YOU have reported as required under **YOU MUST REPORT**,
- (2) YOU reported the full required values of all property on each report, and
- (3) the last report due before the LOSS is not delinquent,

part (g) of **THE MOST WE WILL PAY** is changed for property required to be reported to read "(g) 125% of the limit stated in the declarations."

COINSURANCE - WE will determine the ACTUAL CASH VALUE of the insured property at the time of LOSS, multiply it by the coinsurance percentage (shown in the declarations for the property) to obtain the "proper amount" of insurance YOU should have purchased. WE will divide the limit for the property by the "proper amount" to obtain the "recovery ratio". WE will multiply the LOSS by the "recovery ratio" to determine the amount payable.

If the LOSS is less than 2% of the total amount of insurance YOU have on the damaged property, WE will not require an inventory of the undamaged property to establish the ACTUAL CASH VALUE of the insured property. This will not waive the application of this Condition.

DEDUCTIBLES - After the amount of LOSS has been determined under **THE MOST WE WILL PAY** and the **COINSURANCE** Condition applied, WE will subtract the deductible shown in the declarations. If YOU have a LOSS that involves more than one peril insured, BUILDING, LOCATION, or item of property, WE will apply one deductible to the LOSS. That deductible will be the largest one applicable to the LOSS. The most WE will deduct from a LOSS to glass is \$100.

DEBRIS REMOVAL - WE will pay the cost incurred of removing debris of the covered property at the LOCATION following a LOSS insured by this Coverage Part, subject to the following:

- (a) the expenses will be paid only if reported to US in writing within 180 days of the

earlier of (1) the date of LOSS or (2) the end of the Coverage Part period;

- (b) the most WE will pay is 25% of the LOSS before the application of any deductible. WE will not, however, pay more than the applicable limit (as stated in the declarations) for the entire LOSS including the debris removal expenses;
- (c) WE will not pay for the expenses to clean up, remove, contain, treat, detoxify or neutralize POLLUTANTS or to replace polluted land or water.

SUPPLEMENTAL LIMITS - The following SUPPLEMENTAL LIMITS apply in addition to the limit shown in the declaration. YOU can use:

If BUILDING(S) is insured:

- (a) up to 25% of the total limits for all insured BUILDINGS, but not for more than \$250,000, to apply to:

- (1) each BUILDING acquired, rented, or leased by YOU for use in YOUR business. If YOU are not required to insure the rented or leased BUILDING, this extension provides only coverage as afforded by Endorsement No. 020. (FIRE LIABILITY)

Part (1) of this extension ends the earlier of (1) 90 days from the first day of acquisition, rental or lease, (2) the date YOU report the BUILDING to US, or (3) the expiration date of this policy. WE will charge YOU premium from the first day of acquisition, rental or lease;

- (2) each BUILDING while being constructed for use in YOUR business.

Part (2) of this extension ends the earlier of (1) 30 days from the start of the construction, (2) the date YOU report the construction to US, or (3) the expiration date of this policy. WE

will charge YOU premium from the start of construction;

- (b) up to 10% of the total limits for all insured BUILDINGS, but not for more than \$10,000 to apply to BUILDINGS described under ADDITIONAL PROPERTY. This is the most WE will pay regardless of the number of such BUILDINGS involved in a LOSS.

If BUILDING, CONTENTS, EQUIPMENT or STOCK are insured:

- (a) up to \$25,000 to pay for the expense to extract POLLUTANTS from the land or water at a LOCATION if the pollution results from a LOSS to property insured by this Coverage Part. The expenses will be paid only if they are reported to US within 180 days of the date of LOSS.

Extension (a) applies to each LOCATION separately and is the most WE will pay during each Policy Period. It does not apply to expenses to test for, monitor or assess the existence, concentration or effects of POLLUTANTS, except for testing performed in the process of extracting POLLUTANTS as covered in this extension;

- (b) up to \$1,000 for YOUR liability for fire department service charges assumed under a contract or agreement, or required by local ordinance. This extension applies only to the service charge, not to any liability for injury to any person or property from any cause. No deductible applies to this extension;

- (c) up to \$2,500 for trees, shrubs, lawns, or plants (including the cost to remove debris) used for outside decoration at each LOCATION insured. This extension is limited to \$250 per tree, shrub, or growing plant. Exclusion (b) of EXCLUSIONS - PROPERTY does not apply to this extension.

If CONTENTS, EQUIPMENT or STOCK are insured:

(a) up to 10% of the total limits for such insured property, but not for more than \$100,000, to apply to either:

(1) such property in each BUILDING YOU acquire, rent, or lease for use in YOUR business; or

(2) each BUILDING acquired, rented or leased by YOU, or while under construction, for use in YOUR business. If YOU are not required to insure the BUILDING, this extension provides only fire liability coverage as afforded by Endorsement No. 020.

Part (2) does not apply if insurance is provided for BUILDINGS in this Supplemental Limits Condition;

(b) up to 10% of the limit for such insured property at the LOCATION, but not for more than \$10,000, to apply to damage to the BUILDING at the LOCATION caused by thieves. This extension applies only if YOU do not own the BUILDING and are legally liable for such LOSS;

(c) up to 10% of the total limits for such insured property, but not for more than \$10,000 for any one LOSS to apply to parts (b) and (c) of the ADDITIONAL PROPERTY definition;

(d) up to 10% of the total limits for such insured property, but not for more than \$10,000 for any one LOSS to apply to EXTRA EXPENSE.

Parts (a) and (b) of this extension end the earliest of: (1) 90 days from the first day of acquisition, rental or lease, 30 days from the start of construction; (2) the date YOU report the BUILDING to US; (3) the expiration date of this policy. WE will charge YOU premium from the first day of acquisition, construction, rental or lease.

If CONTENTS or EQUIPMENT is insured:

(a) up to \$10,000 on EQUIPMENT rented by YOU to others. Exclusion (1) of EXCLUSIONS - PROPERTY does not apply to this extension;

(b) up to \$10,000 for each painting, etching, watercolor, or similar artistic rendering owned by YOU and used to decorate the interior of a BUILDING, but not for more than \$50,000 for any one LOSS;

(c) up to 10% of the total limits for all such property but not for more than \$25,000 to apply to all duplicate and backup DATA and MEDIA stored at premises other than a LOCATION. Such storage must be more than 100 feet from any LOCATION;

(d) up to \$2,500 on gold, silver, platinum, bullion and other precious metals (or objects made of any of them), jewels, jewelry, watches, pearls, precious or semi-precious stones, and furs owned by YOU for LOSS due to theft;

(e) up to \$2,500 on any personal property, other than EMPLOYEES TOOLS, owned by YOUR partners, officers or employees, subject to a maximum payment of \$500 per person for LOSS by theft.

Exclusion (e) of EXCLUSIONS - PROPERTY does not apply to (b), (d) or (e) above;

(f) up to 10% of the total limits for such insured property, but not for more than \$10,000, to apply to EMPLOYEE TOOLS. This extension is subject to the following:

- (1) this extension does not apply if EMPLOYEE TOOLS is an item of property already insured at any LOCATION;
- (2) only the SPECIFIED PERILS apply;
- (3) coverage is limited to \$500 per employee per LOSS;

(g) up to \$1,000 for expenses actually incurred to recharge any pressurized automatic extinguishing system due to discharge. No deductible applies to this extension.

If EMPLOYEES TOOLS is insured:

up to 20% of the total limits for such insured property, but not for more than \$50,000 to apply to EMPLOYEES TOOLS in each BUILDING YOU acquire, rent or lease for use in YOUR business.

This extension ends the earlier of (1) 90 days from the first day of acquisition, rental or lease, (2) the date YOU report the BUILDING to US, or (3) the expiration date of this policy. WE will charge YOU premium from the first day of acquisition, rental or lease.

The Coinsurance Condition of this Coverage Part does not apply to these extensions.

SUSPENSION - When EQUIPMENT has been found to be in, or exposed to, a dangerous condition, WE may immediately suspend BREAK-DOWN coverage with respect to that EQUIPMENT. WE will do this by delivering or mailing a written notice of suspension to YOUR address, as shown in the declarations, or to the address of the location of the EQUIPMENT.

Such suspension will apply to all parties at interest, including but not limited to YOU, any Additional Insured, Loss Payee, Mortgagee, or owner of any property in YOUR care, custody or control.

Once suspended, reinstatement will only be made by US, in writing to YOU. Any return premium due YOU will be mailed to YOU, but suspension will be effective even if WE have not yet mailed or offered a return premium.

WE WILL ALSO PAY - If this Coverage Part insures CONTENTS, STOCK, or EQUIPMENT, WE will also pay:

(a) for such insured property while in transit or temporarily at a premises not owned,

rented, leased, operated or controlled by YOU. This Condition also applies to parts (a) and (b) of BUILDING when insured by this Coverage Part.

Such coverage is limited to the amount stated in the declarations as "OTHER INSURED PROPERTY", and shall apply in addition to the limits stated in the declarations for such CONTENTS, STOCK, or EQUIPMENT;

(b) all ordinary and necessary expense incurred at OUR request, to return such property to YOU for LOSS caused by theft or EXTENDED THEFT when UNNAMED PERILS is insured. Such expenses will be part of and not in addition to the limits;

(c) for such insured property of others for which YOU are legally liable:

- (i) all costs and expenses in defending an INSURED, and interest on that part of the judgment covered by this Coverage Part within OUR limits, that accrues after entry of any judgment in any SUIT WE defend, but only until WE have paid, offered to pay or deposited in court that part of the judgment that is within OUR limit;
- (ii) premiums on appeal bonds or bonds to release property used to secure YOUR legal obligation, in a suit WE defend, but only for bonds within OUR limit. WE do not have to furnish or secure these bonds;
- (iii) up to \$100 a day for loss of earnings (but not other income) because of attendance at hearings or trials at OUR request;
- (iv) other reasonable expenses incurred at OUR request.

HOW WE WILL PAY - At OUR option, WE will pay for, repair, or replace the damaged or destroyed property. WE will advise YOU of OUR option within 30 days after WE receive YOUR sworn proof of LOSS. Before payment of LOSS, WE may take all or any part of the salvage at the

agreed or appraised value. There will be no abandonment to US. Once the amount of LOSS payment is determined, WE will pay either YOU or the owner of the property within 60 days of OUR receipt of YOUR sworn proof of LOSS.

YOUR DUTIES AFTER LOSS - YOU must:

- (a) protect the property whether or not this insurance applies. Any further LOSS due to YOUR failure to do so will not be covered by this insurance. WE will pay all reasonable expenses YOU incur for such protection;
- (b) notify US as soon as possible. Promptly send US all documents if YOU are sued or claim is made against YOU. YOU must notify the police if a law may have been broken. If LOSS is caused by EXTENDED THEFT, YOU must notify the police and file a complaint with the proper authorities (empowered to issue warrants) against the person(s) causing the LOSS;
- (c) as often as may be reasonably required, permit US to inspect the damaged property prior to its repair or replacement and to examine YOUR books and records. Also permit US to take samples of damaged and undamaged property for inspection, testing and analysis, and to make copies from YOUR books and records;
- (d) give US complete inventories of damaged and undamaged property including quantities, costs, values and the amount of LOSS claimed;
- (e) submit to US a sworn proof of LOSS within 60 days. WE may examine any INSURED under oath, while not in the presence of any other INSURED and at such times as may be reasonably required, about any matter relating to this

insurance or the LOSS, including an INSURED'S books and records. In the event of an examination, an INSURED'S answers must be signed;

- (f) cooperate and assist US in the investigation, settlement, defense, enforcement of contribution or indemnification of any LOSS.

YOU may not, except at YOUR expense, make any offer or payment, assume any obligation or incur any expenses unless otherwise permitted by this Coverage Part.

WAIVER OF SUBROGATION - YOU must protect YOUR right of recovery against others, but YOU can:

- (a) give others a written release from any responsibility for LOSS to the property, if the release is given prior to the LOSS;
- (b) accept the usual documents from a shipper, even if they limit the carrier's liability for LOSS.

NO BENEFIT TO BAILEE - This insurance will not benefit, directly or indirectly, any carrier or bailee.

OTHER AGREEMENTS - This insurance will pay only that amount of a covered LOSS in excess of the amount due from any maintenance, service or similar agreement for any property insured by this Coverage Part.

POLICY TERRITORY - This insurance covers anywhere in the United States of America, its territories or possessions, or Canada. With respect to watercraft, this insurance also covers while the watercraft, is afloat within fifty nautical miles from the coastal shoreline of the 48 contiguous United States, the District of Columbia, or Canada.

**CRIME
UNICOVER COVERAGE PART 380**

This Coverage Part applies only when it is shown in the declarations. Such insurance applies only to those insureds, security interests and locations designated for each coverage as identified in declarations item 2 by letter(s) or number.

The General Conditions apply except as amended or replaced in this Coverage Part.

INSURING AGREEMENTS

EMPLOYEE DISHONESTY - WE will pay for LOSS of MONEY, SECURITIES, and OTHER PROPERTY which YOU sustain resulting directly from any fraudulent or dishonest act or acts committed by an EMPLOYEE with manifest intent to:

- (a) cause YOU to sustain such LOSS, and
- (b) obtain financial benefit for the EMPLOYEE, or any other person or organization intended by the EMPLOYEE to receive such benefit other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, and other EMPLOYEE benefits earned in the normal course of employment.

LOSS FROM WITHIN THE BUILDING - WE will pay for LOSS:

- (a) of MONEY and SECURITIES by the actual destruction, disappearance, or wrongful removal from the BUILDING or any BANK;
- (b) of OTHER PROPERTY by SAFE BURGLARY, ROBBERY from the BUILDING or attempt thereat;
- (c) to a locked cash drawer, cash box or cash register by illegal entry into such container within the BUILDING, wrongful removal of such container from the BUILDING or an attempt thereat of either;
- (d) for damage to the BUILDING caused by (a)(b) or (c) if YOU are the owner or are liable for the damage.

LOSS OUTSIDE THE BUILDING - WE will pay for LOSS of the following:

- (a) MONEY and SECURITIES by the actual destruction, disappearance or wrongful taking while being conveyed outside the BUILDING by a MESSENGER including while within the home of any MESSENGER;
- (b) OTHER PROPERTY by ROBBERY, or attempt thereat, while being conveyed outside the BUILDING by a MESSENGER, including by theft within the home of any MESSENGER.

MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY - WE will pay for LOSS:

- (a) If YOU accept, in good faith, any money order in exchange for merchandise, MONEY, or services, if such money order is not paid when presented;
- (b) due to YOUR acceptance, in good faith, in the regular course of business, counterfeit United States or Canadian currency.

DEPOSITOR'S FORGERY - WE will pay for LOSS from YOUR BANK accounts which YOU sustain due to forgery or alteration of a negotiable instrument:

- (a) made or drawn upon YOU, or by YOU or anyone acting as YOUR agent;
- (b) purported to have been made or drawn as stated in (a) above.

If YOU are sued by another to enforce payment of such an instrument, believed by YOU to be forged or altered, WE will at OUR option, pay for reasonable attorney's fees, court costs, or similar legal expenses incurred and paid by YOU. These expenses will be in addition to the limit shown in the declarations.

EXTORTION - WE will pay for LOSS, away from the BUILDING, due to the surrender of MONEY,

SECURITIES, or OTHER PROPERTY as a result of a threat communicated to YOU to do bodily harm to YOU, or any of YOUR directors, trustees, executive officers, partners, EMPLOYEES or a relative or invitee of any of them who is or allegedly is being held captive.

Before such property is surrendered, the person receiving the threat must make a reasonable effort to report the extortionist's demands to an associate, the Federal Bureau of Investigation, or local law enforcement authorities.

DEFINITIONS - When used in this Coverage Part:

"**BANK**" means the interior of any building occupied by a banking institution for conducting its business, or any similar recognized place of safe deposit.

"**BUILDING**" means the interior of any structure shown in the declarations as applicable to this Coverage Part.

"**CUSTODIAN**" means any person in YOUR regular service authorized to have care and custody of YOUR property within the BUILDING.

"**EMPLOYEE**" means a natural person while in YOUR service (and under EMPLOYEE DISHONESTY and DEPOSITOR'S FORGERY, 30 days thereafter) during the Coverage Part period whom YOU pay a salary, wage, or commission. It also means a natural person while in YOUR service (and under EMPLOYEE DISHONESTY and DEPOSITOR'S FORGERY, 30 days thereafter) during the Coverage Part period who is employed by an employment contractor. EMPLOYEE does not mean anyone:

- (1) YOU do not have the right to control or direct as to details and means by which the result is accomplished;
- (2) who is corporate director or trustee except while performing acts within the scope of the usual duties of an EMPLOYEE;
- (3) who is an agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character;

(4) outside the Policy Territory, except to those EMPLOYEES temporarily outside the Policy Territory for a period of not more than 90 days.

"**LOSS**" means loss of or damage to the property described in the Insuring Agreement during the Coverage Part period from the causes described in the Insuring Agreement. All LOSS caused by, or involving, one or more EMPLOYEES, or act or series of acts involving one or more persons will be deemed to be one LOSS. With respect to LOSS FROM WITHIN THE BUILDING and LOSS OUTSIDE THE BUILDING, all LOSS from any event or series of events will also be deemed one LOSS.

"**MESSENGER**" means any person who is duly authorized by YOU to have care and custody of YOUR property outside the BUILDING.

"**MONEY**" means currency, coins, bank notes, bullion, travelers checks, registered checks and money orders held for sale to the public.

"**OTHER PROPERTY**" means tangible property that has intrinsic value. It does not mean MONEY or SECURITIES.

"**ROBBERY**" means the felonious taking of property (other than MONEY or SECURITIES) from a MESSENGER or CUSTODIAN or from their presence without their consent by actual or constructive force or from them if they are killed or rendered unconscious.

"**SAFE BURGLARY**" means the felonious taking of (1) a safe from the BUILDING, or (2) property (other than MONEY or SECURITIES) from within a vault or safe that is in the BUILDING and (a) equipped with a combination lock, (b) all doors are locked and all combinations locked, and (c) there is evidence of forcible entry into the safe or vault.

"**SECURITIES**" means instruments or contracts representing monetary value to others who are not a party to the instrument or contract, and includes revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use, but not MONEY.

EXCLUSIONS - WE will not pay for LOSS:

- (a) under EMPLOYEE DISHONESTY or DEPOSITOR'S FORGERY, due to any fraudulent, dishonest, or criminal act committed by or involving any sole proprietor, partner, or anyone who owns the majority of stock or an amount equal to the largest amount owned by any other stockholder;
- (b) under LOSS FROM WITHIN THE BUILDING and LOSS OUTSIDE THE BUILDING, due to any fraudulent, dishonest, or criminal act committed by or involving an owner, officer, partner, director, trustee, EMPLOYEE, or authorized representative, whether working or not. This exclusion does not apply to SAFE BURGLARY or ROBBERY or attempts thereat by other than YOU or YOUR partner;
- (c) of MONEY contained in any money operated device unless the amount of MONEY within is recorded by a continuous recording instrument in the device;
- (d) due to (1) the giving or surrendering of MONEY or SECURITIES in any exchange or purchase, or (2) accounting or arithmetical errors or omissions;
- (e) by fire. This exclusion does not apply to MONEY or SECURITIES;
- (f) due to radioactive contamination or the explosion or malfunction of a nuclear weapon, device or facility, or their consequences;
- (g) due to WAR;
- (h) of manuscripts, books of accounts, or records;
- (i) under EMPLOYEE DISHONESTY, to that part of any LOSS, dependent upon an inventory computation or a profit and loss computation;
- (j) due to the surrender of MONEY, SECURITIES or other property away from the BUILDING as a result of a threat to do (1) bodily harm to any person or (2) damage to the

BUILDING or property owned by YOU or in YOUR care, custody, or control.

This exclusion does not apply under LOSS OUTSIDE THE BUILDING, while being conveyed by a MESSENGER when there was no knowledge by YOU of such a threat at the time such MONEY, SECURITIES, or other property was surrendered to the MESSENGER, or EXTORTION, with respect to bodily harm to any person;

- (k) that is an indirect result of any act or LOSS, including but not limited to:
 - (i) business interruption or loss of use of the MONEY, SECURITIES, or OTHER PROPERTY;
 - (ii) costs, fees or other expenses incurred by YOU, unless authorized by US;
- (l) except with respect to DEPOSITOR'S FORGERY, due to legal expenses related to any legal action;
- (m) resulting from confiscation or destruction by order of governmental authority;
- (n) under LOSS FROM WITHIN THE BUILDING and LOSS OUTSIDE THE BUILDING, to or of any motor vehicles, trailers or semitrailers or equipment and accessories attached to them;
- (o) that is the result of any contract or agreement, including but not limited to recourse agreements, in which YOU agree to be liable.

WHO IS AN INSURED - With respect to LOSS insured under this Coverage Part, only YOU.

JOINT INSURED - If YOU consist of more than one named person or organization, the first named will represent all of them for the purposes of this Coverage Part. Knowledge possessed or discovery made by any of them, or a director, partner or officer, will constitute knowledge possessed or discovery made by all of them.

If insurance is cancelled as to any EMPLOYEE the cancellation applies to all named persons or

organizations. If this Coverage Part or any Insuring Agreement is cancelled or terminated as to any person or organization included in YOU, LOSS will be covered for them only if discovered not later than one year from the date of the cancellation or termination.

OUR payment of LOSS to the first named person or organization constitutes payment to all named persons or organizations included in YOU. If the first named person or organization is no longer covered, the next named insured will become the first named insured.

NEWLY ACQUIRED OR FORMED ORGANIZATIONS - If YOU acquire or form another organization whose business is the same as YOURS, the coverages shown in the Declarations will apply to that organization as of the date of the acquisition or forming. YOU must pay any additional premiums due. This extension will end the earliest of:

- (1) 90 days from the date of acquisition or forming;
- (2) the date YOU report the acquisition or forming to US;
- (3) the expiration of this Coverage Part.

OWNERSHIP-INTERESTS COVERED - The insured property may be owned by YOU, held by YOU (whether or not YOU are legally liable for LOSS) or may be property for which YOU are legally liable for LOSS. However, this insurance is for YOUR benefit only and provides no rights or benefit to any other person or organization.

DISCOVERY - LOSS is covered only if discovered not later than one year from the end of the Coverage Part period. With respect to EXTORTION the threat to do bodily harm must be initially communicated to YOU during the Coverage Part period.

THE MOST WE WILL PAY - LOSS payment will not reduce OUR liability for other LOSSES. The most WE will pay for any one LOSS is the least of the following:

(1) the amount of the LOSS determined under the VALUATION Condition;

(2) with respect to LOSS FROM WITHIN THE BUILDING, \$500 while the BUILDING is closed for business and MONEY or SECURITIES are not locked in the receptacle shown in the declarations or there is no receptacle shown in the declarations.

This limitation is increased to the limit stated in the declarations or \$5,000 (whichever is less) when there is evidence of forced entry to the BUILDING;

(3) the limit of liability shown in the declarations.

Regardless of the number of years this Coverage Part continues in force, the limit stated in the declarations is not cumulative from one period to another, or from one year to another.

OVERLAPPING INSURANCE - If a LOSS occurs partly during this Coverage Part period and partly under previous insurance WE issued to YOU (or YOUR predecessor in interest) that is no longer in effect, the most WE will pay is the largest amount recoverable under this or such previous insurance.

LOSS UNDER PRIOR BOND OR INSURANCE - If YOU (or YOUR predecessor in interest) had continuous similar insurance that is no longer in effect, LOSS (to the extent it is not insured by the prior insurance solely because the discovery period of that insurance had lapsed) will be deemed to have occurred on the first day of this Coverage Part period. Provided, however:

- (a) this insurance became effective at the time of cancellation or termination of the prior insurance or bond;
- (b) the LOSS would have been covered had this insurance been in effect when the acts or events causing the LOSS took place;

- (c) there is no lapse in coverage between the time when the acts or events causing the LOSS took place and the date of discovery;
- (d) this extension is part of and not in addition to the limit stated in the declarations. LOSS recovery is limited to the lesser of the amounts recoverable under:
 - (1) this insurance had it been in force at the time the acts or events took place;
 - (2) the prior bond or insurance had it continued in force until the discovery of the LOSS.

OTHER INSURANCE - This insurance does not apply to LOSS recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the LOSS, this insurance will apply to that part of the LOSS, other than that falling within any deductible amount, not recovered or recoverable under the other insurance or indemnity. If a LOSS is covered under both EMPLOYEE DISHONESTY and DEPOSITOR'S FORGERY issued by US, DEPOSITOR'S FORGERY is primary.

DEDUCTIBLE - WE will not pay for LOSS unless it exceeds the deductible stated in the declarations. Otherwise, WE will pay the amount of the LOSS in excess of the deductible, up to the limit stated in the declarations. If more than one deductible could apply to a LOSS, WE will apply only the highest deductible.

VALUATION - HOW WE WILL PAY - Subject to the MOST WE WILL PAY:

SECURITIES will be valued (except for EXTORTION) at their actual cash value at the close of the last business day before the LOSS was discovered. With respect to EXTORTION they will be valued for no more than the actual cash value on the day they were surrendered.

With respect to other property held by YOU as a pledge or collateral on an advance or loan, the value will be the actual cash value

of the property as determined by YOU at the time the advance or loan was made. If the value was not a part of YOUR records, then WE will pay the unpaid part of the advance or loan, plus accrued interest at legal rates.

WE may settle any LOSS with the owner of the property. Any property for which WE have made indemnification will become OURS. At OUR option, WE may pay for, repair, or replace the property.

WE may, at OUR option:

- (a) pay the value of such SECURITIES or replace them in kind, in which event YOU must assign to US all YOUR rights, title and interest in and to those SECURITIES;
- (b) pay any Lost Securities Bond required in connection with issuing duplicates of the SECURITIES. HOWEVER, WE will not pay more than the cost of such a bond with a penalty of the value of the SECURITIES or the limit of insurance, whichever is less.

MONEY will be valued at its face value.

OTHER PROPERTY will be valued at the least of the following:

- (a) this actual cash value at the time of LOSS (for EXTORTION this is the actual cash value at the time it was surrendered);
- (b) the actual cost to repair with like kind and quality;
- (c) the actual cost to replace with like kind and quality.

WE may, at OUR option, pay the actual cash value of the property or repair or replace it either with YOU or the owner of the property. Any property replaced or paid for will become OUR property.

RECOVERIES - If YOU sustain a LOSS which exceeds the limit, YOU are entitled to all recoveries until YOU are fully reimbursed, less the

expense of collecting them. Any remainder is OURS. Recoveries do not include those from suretyship, insurance, reinsurance, security or indemnification taken by or for OUR benefit or from recoveries of original SECURITIES after duplicates of them have been issued. YOU must notify US promptly of any recovery YOU make.

PRIOR FRAUD, DISHONESTY or CANCELLATION - EMPLOYEE DISHONESTY insurance does not apply to any EMPLOYEE:

- (a) from the moment YOU or any of YOUR partners or officers (not in collusion with such EMPLOYEE) knows or hears of any fraudulent or dishonest act committed by the EMPLOYEE, whether or not in YOUR service at the time of the act;
- (b) who has been cancelled, excluded, or deleted from any prior fidelity insurance and was not reinstated in such insurance before this insurance became effective;
- (c) shown in the declarations as excluded.

CANCELLATION AS TO ANY EMPLOYEE - Coverage under EMPLOYEE DISHONESTY is cancelled as to any EMPLOYEE:

- (a) immediately upon discovery by YOU, or any partner, director or officer (not in collusion with the EMPLOYEE) of any fraudulent or dishonest act by such EMPLOYEE;
- (b) as specified in any written notice of such cancellation WE send YOU in compliance with the General Conditions of this policy.

LOSS CAUSED BY UNIDENTIFIED EMPLOYEE - Coverage under EMPLOYEE DISHONESTY will apply (subject to Exclusion (i)) even if YOU cannot prove a specific EMPLOYEE(S) caused the LOSS. The evidence YOU submit, however, must reasonably prove the LOSS was caused by a fraudulent or dishonest act committed by an EMPLOYEE.

YOUR DUTIES AFTER LOSS - When YOU learn of or discover a LOSS, or what YOU believe to be a LOSS, YOU must:

- (1) notify US as soon as possible;
- (2) submit a detailed sworn proof of LOSS to US, fully documenting YOUR claim, within four months of the discovery of the LOSS. Because a claim under this Coverage Part necessarily involves YOUR accusation of wrongdoing by another, WE cannot assist YOU in proving the LOSS. Under DEPOSITOR'S FORGERY, YOUR sworn proof of LOSS must include all instruments on which YOU base the claim. If YOU can't produce them, WE will expect an affidavit from YOU, or the BANK where deposited, stating the amount and cause of LOSS;
- (3) submit to examination under oath at OUR request and give US a signed statement of YOUR answers;
- (4) permit US to inspect all pertinent records whenever and wherever WE require and furnish a complete inventory of all property not stolen or damaged;
- (5) notify police, except under EMPLOYEE DISHONESTY and DEPOSITOR'S FORGERY, if YOU have reason to believe the LOSS involves a violation of law;
- (6) cooperate and assist US in the investigation and settlement of any claim or LOSS.

POLICY TERRITORY - This insurance covers only those acts committed or events occurring within the continental United States, Virgin Islands, Puerto Rico, or Canada. With respect to EXTORTION, the actual or alleged captivity must take place within this territory. With respect to DEPOSITOR'S FORGERY, this insurance applies anywhere in the world.